

## Attitude of banking employees towards E-banking

Diksha Gupta

Commerce Deptt., S.B.S.Govt. College, Kotkapura

### ABSTRACT

*Electronic Banking is a combination of two words Electronic which relates to technology and Banking. This is a process by which customer performs banking transactions electronically without visiting a brick and mortar institution. It sounds good that bank customers can perform non-transactional tasks through online banking which helps customers in upgrading knowledge, saving time, ATM debit and credit clearing gets easier and trust is increased. In my study I conclude the attitude of the employees towards E-banking. In which questionnaire method and the employees, managers, Deputy managers of Punjab national bank helps me to complete my study and to conclude my results which I analysed in the form of graphs, pie-chart, histogram and tables.*

### I. INTRODUCTION

Finance is the life blood of trade, commerce and industry. Now-a-days, banking sector acts as the back bone of modern business. Development of any country mainly depends upon the banking system. The term bank is either derived from old Italian word *banca* or from a French word *banque*, both mean a bench or money exchange table. In olden days, European money lenders or money changers used to display coins of different countries in big heaps on benches or tables for the purpose of lending or exchanging.

A bank is a financial institution which deals with deposits and advances and other related services. It receives money from those who want to save in the form of deposits and it lends money to those who need it. Oxford Dictionary defines a bank as "an establishment for custody of money, which it pays out on customer's order."

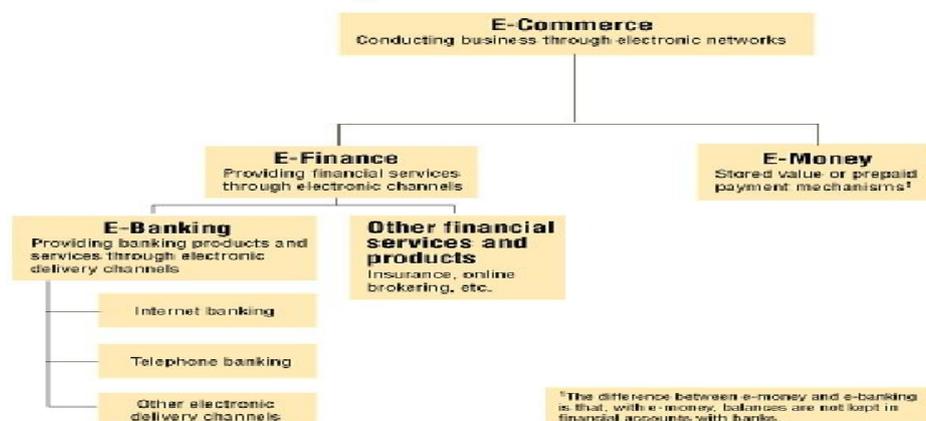
#### 1.1 E-Banking:

Online banking is an electronic payment system that enables customers of a financial institution to conduct financial transactions on a website operated by the institution, such as a retail bank, virtual bank, credit union or building society. Online banking is also referred to as Internet banking, e-banking, virtual banking etc.

Various authors define E-Banking differently but the most definitions depicting the meaning and features of E-Banking are as follows:

- (a) Banking is a combination of two, Electronic technology and Banking.
- (b) Electronic Banking is a process by which a customer performs banking Transactions electronically without visiting a brick-and-mortar institution.
- (c) E-Banking denotes the provision of banking and related services through extensive use of information technology without direct recourse to the bank by the customer.

**What is electronic banking?**



One has to approach the branch in person, to withdraw cash or deposit a cheque or request a statement of accounts. In true Internet banking, any enquiry or transaction is processed online without any reference to the branch (anywhere banking) at any time. Providing Internet banking is increasingly becoming a "need to have" than a "nice to have" service. The net banking, thus, now is more of a norm rather than an exception in many developed countries due to the fact that it is the cheapest way of providing banking services.

Online banking facilities offered by various financial institutions have not only many features and capabilities in common, but also have some that are application specific. However, the common features fall broadly into several categories:

- A bank customer can perform non-transactional tasks through online banking, including -
  - viewing account balances
  - viewing recent transactions
  - downloading bank statements
  - viewing images of paid cheques
  - ordering cheques books
  - download periodic account statements
  - Downloading applications for M-banking, E-banking etc.
- Bank customers can transact banking tasks through online banking, including:
  - Funds transfers between the customer's linked accounts
  - Paying third parties, including bill payments and third party fund transfers
  - Investment purchase or sale
  - Loan applications and transactions
  - Credit card applications
  - register utility billers and make bill payments

Some financial institutions also offer unique Internet banking services, for example, personal financial management support, such as importing data into personal accounting software. Some online banking platforms support account aggregation to allow the customers to monitor all of their accounts at one place, whether they are with their main bank or with other institutions.

## **II. REVIEW OF LITERATURE**

Various empirical and theoretical studies have been undertaken at the national and international level to analyze the impact of E-banking on banking sector customers, service quality and payment system. The studies mainly focus upon e-banking impact on productivity and profitability primarily due to core banking system, electronic fund transfer, real time gross settlement system and electronic clearing services. The review of following studies throws light upon different aspects of e-banking.

Mali A.K. (1995) investigated the impact of adopting computerization in the working of banking institution and the impact was related with the technological change on organizational structure, work process, motivation and morale of users as well as their productivity. The study was conducted through questionnaires. The study concluded that technological change had resulted in increased productivity of users and the change was being accepted by the users because of their personal enthusiasm rather than well-planned activity of the management.

Durkin and Howcroft (2003) observed that the banker-customer relationship had improved through mobile phone and internet banking. The authors found that new technology had made the banks very competitive and profitable and internet had played a key role. Perception of bankers and customers regarding the use of internet was also examined. The authors pointed out that as consumer usage of remote bank delivery channels increased, relationship management became more important. Further, they also suggested that the combination of traditional and new delivery channels, if followed, can help to improve their productivity and profitability.

Kaleem A. and Ahmad S. (2008) investigated bank employees' perceptions of the potential benefits and risks associated with electronic banking in Pakistan. The study shows that public bank employees who have professional degrees consider minimizing transaction costs and reduction in HR requirements as the most and the least important benefits of electronic banking respectively. The authors also observed that the private bank employees having masters or bachelor degrees, and less than 10 years' experience, perceived time-saving and minimizing inconvenience as the major benefits of electronic banking.

The empirical analysis suggested that bankers in Pakistan perceived electronic banking as a tool for minimizing inconvenience, reducing transaction costs and saving time.

Machogu, A.M. (2012) investigated the perception and willingness of bank employees of Rwanda to adopt and internalize change with regard to information and communication technology. The author also studied the perception of employees with regard to cost of adoption, risk of innovation and staff training. In this study, data was collected through questionnaires and sample of 353 bank employees in different managerial positions was taken from 5 commercial banks. was taken out of which 274 are usable questionnaires retrieved This research was related to perpetual – tailored, relationship oriented, identifying the points which forced the banks to opt for information technology. The statistical results indicate that cost of adoption, risk of innovation, staff training has perceived significant influence on information and communication technology adoption and usage among commercial banks in Rwanda.

Sumra et al. (2011) in their research study have given new horizons and scenario for the retail banking sector. This study discusses the products and services offered through electronic medium i.e E-banking and also discusses the profitability of Pakistani banks in particular. Interview method has been used for collecting the data. For thi purpose, managers of the banks were interviewed. The results showed that e-banking increased the

profitability of banks and also enabled to meet their costs and earn profits in short span of time. It was observed that banks have also been giving consideration on literacy of consumers. As a result of this, illiteracy of consumers does not affect the banks and also the main aim of the bank to retain its consumers is met.

Agboola.A.A (2003) The researcher in this study examined the attitude of employees to the application of information technology in banking industry and its effects on recruitment and training of staff. For this purpose, data was collected from 6 commercial banks from Lagos through questionnaires. Number of respondents was 48. The study also made use of oral interviews. Analysis of data was done through percentages, mean and standard deviation. Respondents were found to be of the view that the adoption of information technology in banking industry has affected personnel requirements. The fear of retrenchment among employees was also found. However, they were of the view that time to time training and re-orientation of staff made the employees capable to use e-banking. Some of them were of the view that automation did not make the work complicated but rather made it easier and interesting.

On the whole, the review of literature indicated that the employees of banks had taken the adoption and use of information technology particularly E-banking positively. The results of the studies also indicated that with the introduction of e-banking, the costs have reduced and profitability has improved.

### **III. RESEARCH METHODOLOGY**

Research design constitutes the blue print for the collection, measurement and analysis of data. It is the plan and structure of investigation so conceived as to obtain answers to research questions.

#### **OBJECTIVES OF THE STUDY**

The present study has been carried out with the main objective of studying the attitude of bank employees towards E-banking. However, the secondary objectives of the study include:

- ❖ To find out which e-banking services (e.g., electronic fund transfer, credit & debit cards etc.) are liked by the employees.
- ❖ To know about factors contributing towards opting for e-banking.
- ❖ To know the suggestions as to how to improve e-banking services.
- ❖ To examine the factors which affect banks after adoption of e-banking.
- ❖ To study the overall performance of e-banking.

#### **SAMPLING METHODOLOGY:**

##### **Sample Size**

50 respondents

##### **Sample Unit**

Employees of various banks have been taken as sample unit.

##### **Sampling Area**

Bathinda in Punjab

##### **Sampling Technique**

Random Sampling technique

**DATA COLLECTION:**

- **Primary data** Bank employees were visited across the city of Bathinda and required information was gathered as per the questionnaire.
- **Secondary data** sources like google.com, shodh ganga.com. have also been used.

**LIMITATIONS:**

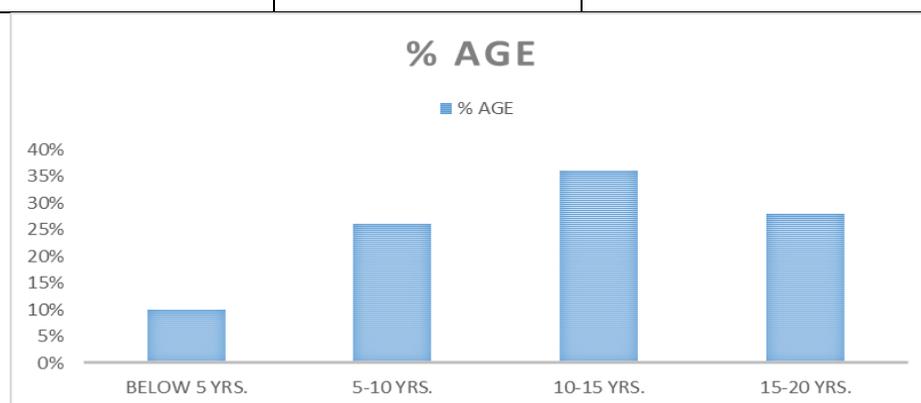
- A small sample size of 50 employees has been taken, so inferences cannot be drawn about the population from this sample size.
- A short time period and resource constraints were the other limitations.
- The scope of the project is limited to the city of Bathinda. So, it cannot be concluded that the same response will exist throughout India.

**IV. DATA ANALYSIS**

This chapter makes an attempt to analyze different responses to the questions in the questionnaires. The study makes use of bar diagrams to illustrate the frequencies of responses to each alternative in different questions.

**4.1 Experience in Bank**

Particulars	No. of Respondents	Percentage of Respondents
<b>BELOW 5 YEARS</b>	5	10%
<b>5-10 YEARS</b>	13	26%
<b>10-15 YEARS</b>	18	36%
<b>15-20 YEARS</b>	14	28%
<b>TOTAL</b>	50	100%



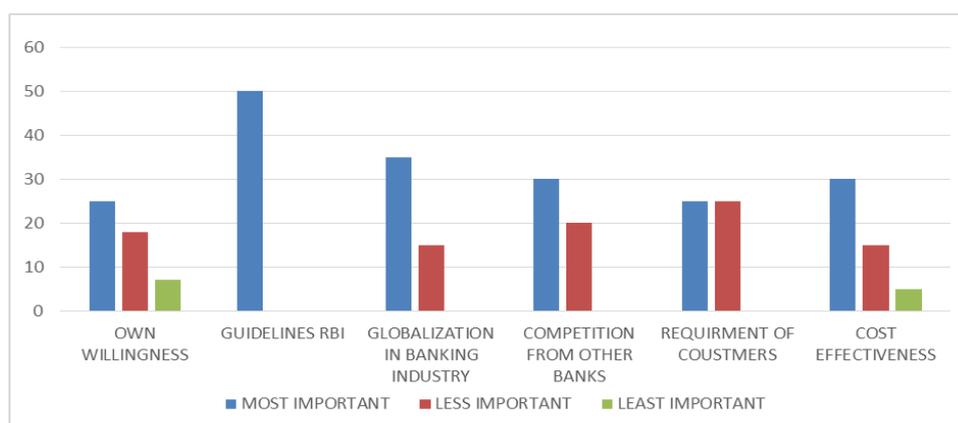
From the above table and bar diagram, it can be observed that a small percentage (10%) of the respondents were relatively fresh entrants (with an experience of less than 5 years). Whereas, 36% of the respondents had 10-15 years of banking experience, another 28% had an experience of 15-20 years in banking sector. This implies that majority of them (about 64%) had wide experiences and could differentiate between the benefits of traditional banking vis-à-vis e-banking.

**4.2 Analysis of Attitude of Employees towards E-banking:**

Analysis of the employees' attitude has been done under following six heads

**(A) Ranking of the Factors influencing Bank's Adoption to E-banking**

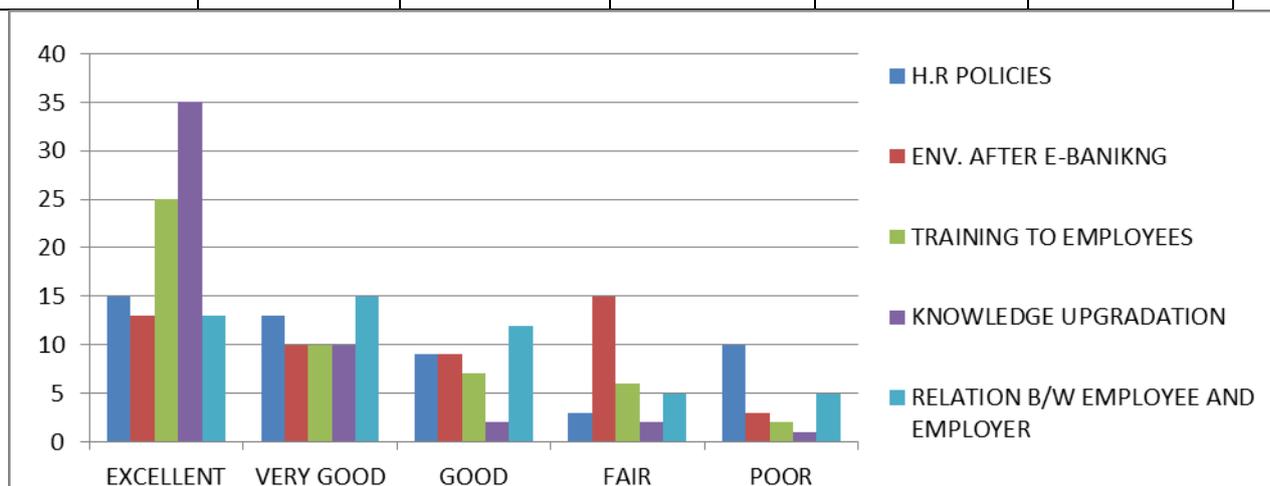
Particulars	Most Important	Less Important	Least Important	Total
Own Willingness	25	18	7	50
Guidelines by RBI	50	Nil	Nil	50
Globalization in Banking Industry	35	15	Nil	50
Competition from other banks	30	20	Nil	50
Requirement of customers	25	25	nil	50
Cost effectiveness	30	15	5	50



From the above table, it can be concluded that the main reason for adoption for e-banking has been the guidelines by RBI and globalization in banking industry. Majority of the respondents gave globalization and competition from other banks to be the motivation for adoption of e-banking. Only 50% of the respondents felt that they have adopted e-banking because of their willingness or because of the requirement of customers. Another 60% considered cost effectiveness to be the most important factor for adoption of e-banking.

**(B) Rate the Following After Adoption of E-Banking**

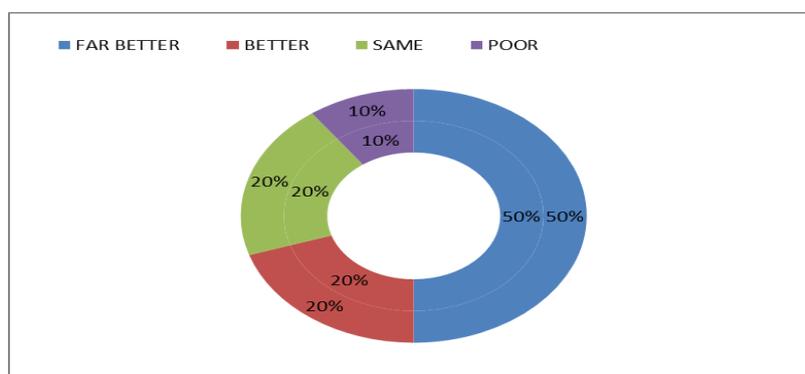
GRADES	H.R Policies	Environment after E-banking	Training to Employees	Knowledge Upgradation	Relation Between Employee AND Employee
Excellent	15	13	25	35	13
Very Good	13	10	10	10	15
Good	9	9	7	2	12
Fair	3	15	6	2	5
Poor	10	3	2	1	5
Total	50	50	50	50	50



The results showed that majority of the employees find knowledge up gradation to be an important benefit of e-banking. About 50% of the respondents felt that the training for e-banking has been excellent. This has enabled the employees to get accustomed to changes brought about by information technology in banking. It was surprising to know that 20% of the respondents felt that H.R. policies had been poor after adoption of e-banking. This is quite possible that employees are pulled by managements of the banks for failure to meet customers' expectations. Further, 6% of the respondents felt that environment after adoption of e-banking has been poor. Another 10% of the respondents felt that employer-employee relations have become poor after adoption of e banking.

**(C) Comparison Between E-Banking and Traditional Banking**

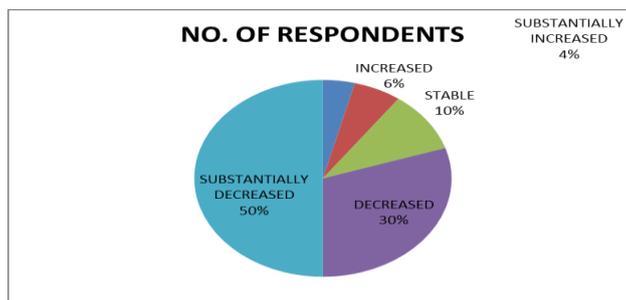
GRADES	NO. OF RESPONDENTS	%AGE
Far Better	25	50%
Better	10	20%
Same	10	20%
Poor	5	10%
Total	50	100%



The above diagram shows that 50% of the respondents find e-banking to be far better than traditional banking. The reasons given by bank employees is that services provided by e-banking are far better than traditional banking and also performance of banks have improved after the introduction of e-banking. Also 20% employees are of the view that they perceive the benefits of traditional banking and e-banking to be the same. Only 10% of the respondents ranked e-banking to be poorer than traditional banking. Thus, it can be concluded that 70% of the respondents perceive e-banking to be more beneficial than traditional banking.

**(D) Change in Processing Time After Use of Online Banking**

Particulars	No. Of Respondents	%Age
Substantially Increased	2	4%
Increased	3	6%
Stable	5	10%
Decreased	15	30%
Substantially Decreased	25	50%
Total	50	100%

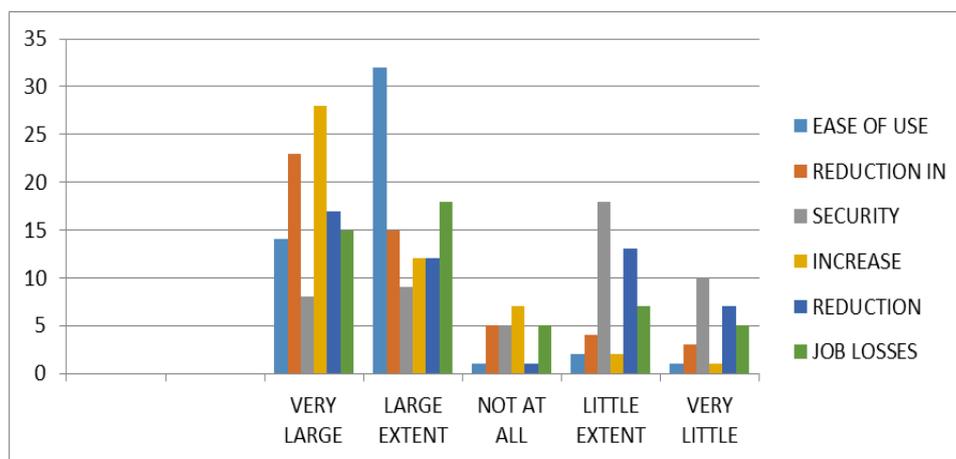


From the above results, it can be concluded that e-banking has substantially reduced the processing time. 80% of the respondents felt that after using e-banking, the processing time has substantially decreased. Cheque truncation facility, for example, has reduced the cheque clearance time which otherwise used to take a number of days for clearing out station cheques. Similarly with RTGS facility in place, funds can be transferred in no time.

However, 4 to 6% of the respondents felt that the processing time has substantially increased or increased. This is probably that percentage of employees who have not got used to information and communication technology changes.

**(E) Extent to Which E-Banking Contributed to Factors Below**

Particulars	Ease of Use	Reduction in Monotony of work	security and Privacy	Increase in Trust	Reduction of Risk	Job Losses
Very Large	14	23	8	28	17	15
Large Extent	32	15	9	12	12	18
Not at All	1	5	5	7	1	5
Little Extent	2	4	18	2	13	7
Very Little	1	3	10	1	7	5
Total	50	50	50	50	50	50



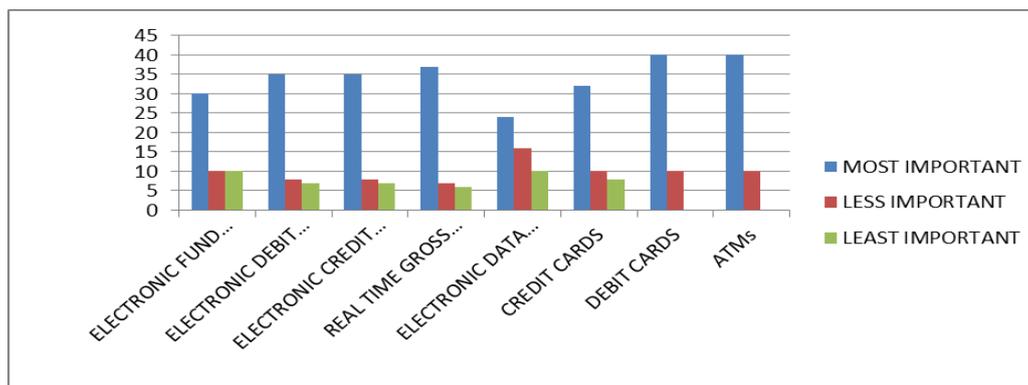
From the above bar diagrams, it can be observed that most of the respondents (92%) found that e-banking had made the things easier to handle. 76% of the respondents felt that e-banking has reduced the monotony of work. 80% of the employees considered for the study were of the view that e-banking has increased the trust of clients in the bank employees.

More than half of the respondents felt that e-banking has reduced the risk.

The ill effect of e-banking according to 66% respondents was job loss. This is because manpower requirement has reduced since the adoption and use of information technology. An important observation is that 56% of the respondents felt that e-banking has not done much about security and privacy. This is because of the feeling that technology can be misused too. The passwords, for example, can be hacked, which might result in financial loss to the clients. The virus in the systems may result in loss of data. Also because of internet banking, there is no personal interaction between the bank and the clients. However, on the whole, respondents showed a positive attitude towards e-banking.

**(F) Ranking of E-Banking Services on the basis of Fast and Effective Payment System**

Services	Most Important	Less Important	Least Important	Total
Electronic Fund Transfer	30	10	10	50
Electronic Debit Clearing	35	8	7	50
Electronic Credit Clearing	35	8	7	50
Real Time Gross Settlement System	37	7	6	50
Electronic Data Interchange	24	16	10	50
Credit Cards	32	10	8	50
Debit Cards	40	10	0	50
ATMs	40	10	0	50



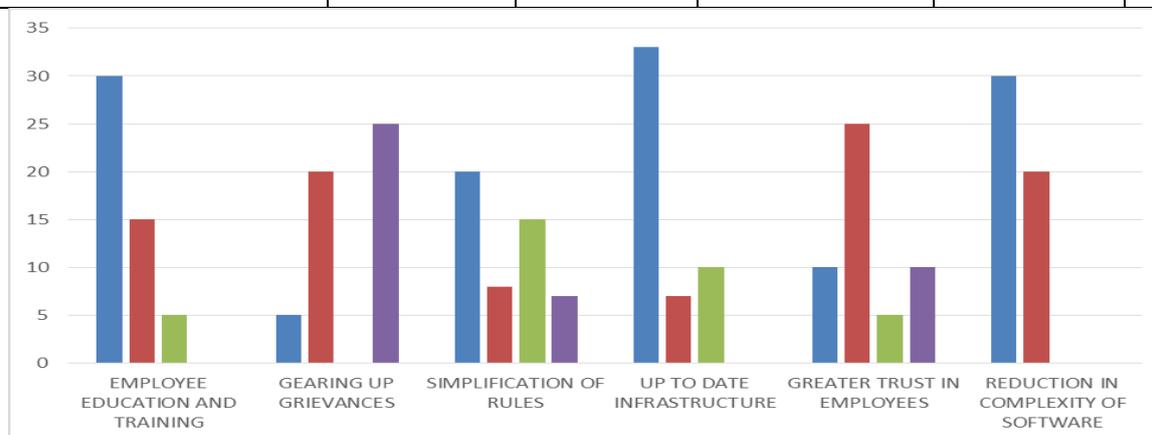
The results in the above table show that 80% of the respondents considered debit cards and ATMs as the most important tools for effective and fast payment. Also 70% of the respondents ranked electronic debit and credit clearing as most important tools for fast and effective payment system. About 26% to 52% of the respondents considered the different payment systems less important or least important. The benefit of different modes of payment under e-banking is that consumers need not carry hard cash with them. This further reduces the work load of bank employees, who are freed from the hassle of counting cash for every transaction.

#### 4.3 Analysis of Suggestions, Opinion of Employees and Overall performance

This section covers the suggestions made by employees to improve e-banking, opinion of employees as to how e-banking adoption has benefitted them and their opinion about the overall performance of e-banking.

##### (4.3.1) Suggestions to Improve E-Banking Services

Suggestions	Most Important	Less Important	Little Less Important	Least Important	Total
Employee Education & Training	30	15	5	Nil	50
Gearing Up Grievances	5	20	Nil	25	50
Simplification Of Rules	20	8	15	7	50
Infrastructure	33	7	10	Nil	50
Trust In Staff	10	25	5	10	50
Reduction In complexity of software	30	20	Nil	Nil	50

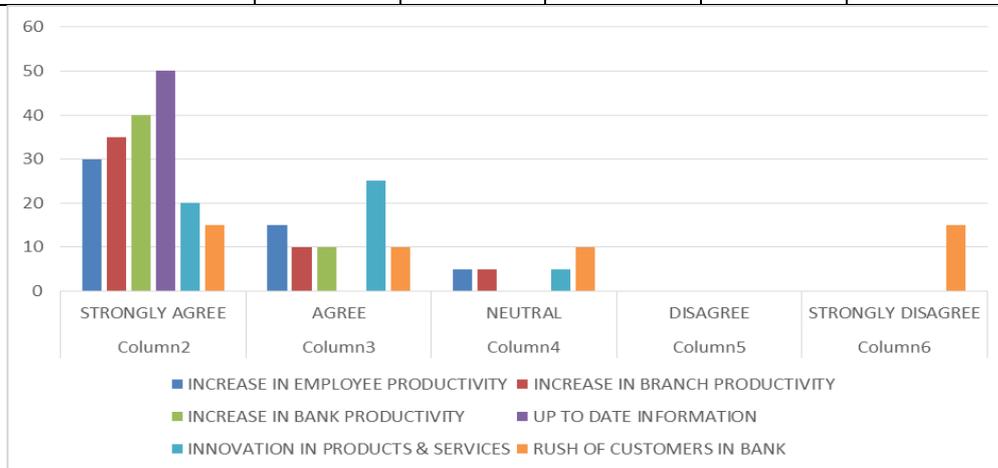


From the above bar diagrams, it can be observed that 60% of the respondents ranked employee education and training as well as reduction in complexity of software as most important tools to improve e-banking services. Also 40% employees felt that simplification of rules would improve e-banking. Employees can take the benefit of e-banking, only when they themselves are complacent with the rules and softwares. Further, training and education of employees make them more comfortable. This will in turn improve bank's profitability and productivity.

A very small percentage of respondents (10%) gave importance to handling of grievances as a suggestion to improve e-banking services. It can also be observed that 66% of the respondents suggested to improve infrastructure in order to improve e-banking services.

**(4.3.2) Opinion of the Employees after Adoption of E-Banking**

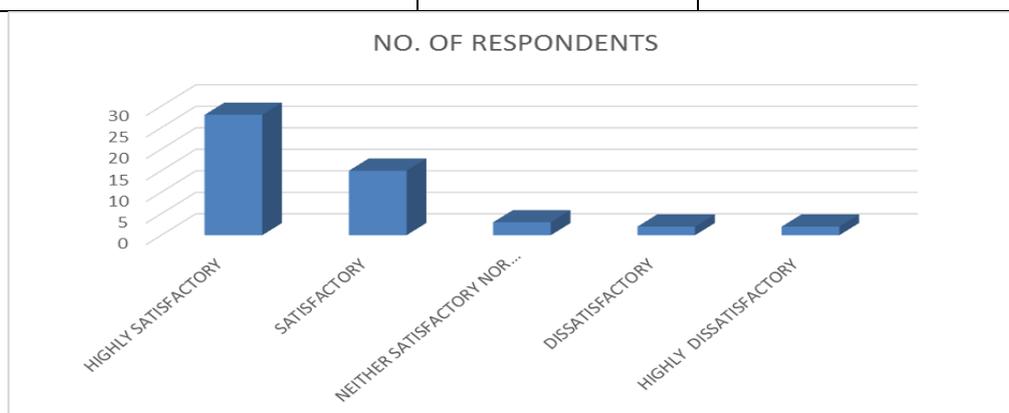
Particulars	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Increase In Employee Productivity	30	15	5	NIL	NIL	50
Increase In Branch Productivity	35	10	5	NIL	NIL	50
Up To Date Information	50	NIL	NIL	NIL	NIL	50
Innovation In Products & Services	20	25	5	NIL	NIL	50
Rush Of Costumers In Bank	15	10	10	NIL	15	50
Increase In Bank Productivity	40	10	NIL	NIL	NIL	50



When asked about opinion after adoption of e-banking, the bank employees strongly agree that there has been improvement. 100% of the respondents were of the view that the employees have upto date information as a result of e-banking. A majority of them (90-100%) feel that there has been an increase in employee productivity, branch productivity and bank productivity. Also 90% of the employees were of the view that e-banking has brought about innovation in products and services. These results point to overall satisfaction among bank employees after adoption of e-banking by banks.

**(4.2.3) Overall Performance Of E-banking**

Grades	No. of Respondents	%Age of Respondents
Highly satisfactory	28	56%
Satisfactory	15	30%
Neither Satisfactory nor Satisfactory	3	6%
Dissatisfactory	2	4%
Highly Dissatisfactory	2	4%
Total	50	100%



The results in the above table and diagram point to overall satisfaction among bank employees resulting from the benefits of e-banking. 86% of the respondents found overall performance of banks to be satisfactory and highly satisfactory. However, a small proportion (8%) of the respondents found the overall performance of e-banking to be dissatisfactory.

**V. FINDINGS, CONCLUSION AND SUGGESTIONS**

**5.1 Findings**

The present study was conducted to examine the attitude of bank employees towards e-banking. The study was conducted in the city of Bathinda. The sample size was 50. Questionnaire method was used for collecting the data. The respondents for the study included cashiers, deputy managers and managers. From the analysis of the questionnaires, following findings have been derived:

1. Guidelines by RBI, globalization in banking industry and competition from other banks were found to be the main motivations for adoption of e-banking. Only 50% of the respondents felt that they have adopted e-banking because of their willingness or because of the requirement of customers. Cost effectiveness was found to be another important factor for adoption of e-banking.
2. Knowledge up gradation was found to be an important benefit of e-banking. About 50% of the respondents found training for e-banking to be excellent.
3. A small proportion of the employees (6% to 20%) were found not to be so happy with H.R policies and environment after adoption of e-banking.

4. A small proportion of employees also felt that employer- employee relations have also deteriorated after adoption of e-banking.
5. Majority of the respondents (70%) perceived e-banking to be more beneficial than traditional banking.
6. Majority of the respondents (80%) felt that after using e-banking, the processing time has substantially decreased.
7. Most of the respondents (92%) found that e-banking had made the things easier to handle.
8. 76% to 80% of the respondents felt that e-banking has reduced the monotony of work and has increased the trust of clients in the bank employees.
9. The results also pointed to the ill effects of e-banking. 66% respondents pointed to job loss as an ill effect of e-banking. This is because manpower requirement has reduced since the adoption and use of information technology.
10. Also 80% of the respondents considered debit cards and ATMs as the most important tools for effective and fast payment. Electronic debit and credit clearing were also considered as other most important tools for fast and effective payment system.
11. Further, employee education and training as well as reduction in complexity of software were suggested as important tools by employees to improve e-banking services. Another 40% respondents felt that simplification of rules would improve e-banking. A vast majority of respondents suggested to improve infrastructure in order to improve e-banking services.

## **5.2 CONCLUSION**

On the basis of findings of the study, it can be concluded that the employees of banks have taken a positive view of e-banking. Except for job losses, nothing serious have been reported as ill effect of e-banking. This can be verified from the fact that 86% of the respondents found overall performance of banks to be satisfactory and highly satisfactory. It was only a small proportion (8%) of the respondents, who found the overall performance of e-banking to be dissatisfactory. It can also be concluded from the results that in the opinion of employees, there has been an increase in employee productivity, branch productivity, as well as bank productivity.

## **5.3 SUGGESTIONS**

Keeping in view the findings and recommendations given by respondents, a brief summary of suggestions is as follows:

### **SECURITY ISSUES**

Most of the respondents were of the opinion that ATMs cloning, accounts hacking are the major problems faced by the consumer. For this, consumer education is a necessity. They should be made aware of the prospective problems, they can encounter.

### **NETWORK PROBLEMS**

Sometimes the consumers have to suffer, due to a problem in server or when the system doesn't work or slows down. The banks are advised to outsource and have a tie up with good vendors and networking solution companies.

### **TRAINING TO EMPLOYEES**

The employees should be provided regular training so that they become comfortable with the use of information technology. The employees also need to have a positive attitude towards e-banking and try to adapt to changes.

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